

Financial Institution Customer Protection Act Summary

This bill prohibits a federal banking agency from formally or informally suggesting, requesting, or ordering a depository institution to either terminate a specific customer account, or group of customer accounts, or otherwise restrict or discourage it from entering into or maintaining a banking relationship with a specific customer or group of customers, unless:

- The agency has a material reason to do so, and
- The reason is not based solely on reputation risk to the institution.

The “material reason” criterion shall be satisfied if an agency believes that a specific customer or group of customers poses a threat to national security, including any belief that they are involved in terrorist financing.

Unless the appropriate agency determines that the customer or group of customers has used due diligence to avoid doing business with any entity described below, the bill deems the criteria addressing “material reason” to be met if the agency believes a customer or group of customers is, or is acting as, a conduit for an entity which:

- poses a threat to national security;
- is involved in terrorist financing;
- is an agency of the government of Iran, North Korea, Syria, or any country listed from time to time on the state sponsor of terrorism list;
- is either located in, or subject to the jurisdiction of, any of such countries;
- or
- does business with any entity located in such countries.

If an appropriate federal banking agency orders a depository institution to terminate a specific customer account or a group of customer accounts, the depository institution shall inform the customer or customers of the justification for the termination.

No notice may be given to the customer, however, if the agency requests or orders a depository institution to terminate a customer account (or a group of customer accounts) based upon a belief that customer or those customers pose a threat to national security or are otherwise described above.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 is amended to revise requirements for summoning witnesses and requiring production of books or other records the Attorney General deems relevant or material to a civil investigation in contemplation of a civil proceeding which may result in civil penalties for specified violations.